

## Message Text

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ORIGIN AEC-11

INFO OCT-01 EUR-25 IO-14 ISO-00 SCI-06 L-03 ACDA-19

CIAE-00 INR-10 NSAE-00 NSC-07 RSC-01 FEA-02 /099 R

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EUR/EE - E D SEGALL

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P R 222204Z APR 74

FM SECSTATE WASHDC

TO USMISSION IAEA VIENNA PRIORITY

INFO AMEMBASSY BELGRADE

AMCONSUL ZAGREB

C O N F I D E N T I A L STATE 081642

E.O. 11652: N/A

TAGS: IAEA, ENGR, TECH, YO

SUBJECT: KRSKO NUCLEAR POWER PROJECT

REF: (A) VIENNA 3524; (B) STATE 79230

1. APPRECIATE CLARIFICATION PARA ONE REF A. HOWEVER, IT NOT CLEAR WHETHER UTILITY GROUP TO ACT ON BEHALF OF YUGO-SLAVIA (AS CFE DID FOR MEXICO) IN CONNECTION WITH IMPLEMENTATION LONG-TERM CONTRACT WITH AEC. RESOLUTION THIS ISSUE CRUCIAL TO FURTHER DISCUSSION OF PARTICULAR TERMS OF SUPPLY AGREEMENT AND LTC. IF ANSWER AFFIRMATIVE, THEN SHOULD BE REFLECTED IN SUPPLY AGREEMENT. THIS MIGHT BE ACCOMPLISHED BY ADDING PHRASE "ACTING ON BEHALF OF YUGOSLAVIA" AFTER NAMES OF UTILITIES AND BEFORE "(HEREINAFTER CALLED THE LONG-TERM CONTRACT)" AT END OF THIRD WHEREAS CLAUSE, WITH ALL SUBSEQUENT REFERENCES IN SUPPLY AGREEMENT TO "YUGOSLAVIA," (SIMILAR TO MEXICAN SUPPLY  
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AGREEMENT).

2. IF ANSWER NEGATIVE, THEN NOT CLEAR HOW UTILITY GROUP, WHICH IS NOT PARTY TO SUPPLY AGREEMENT, CAN BE BOUND BY TERMS OF SUPPLY AGREEMENT (E.G., OBLIGATIONS ASSUMED BY UTILITY GROUP IN ARTICLES I.2,II.1, III.1.B.). IF INTENT IS NOT TO HAVE YUGOSLAVIA ASSUME ANY OBLIGATIONS FOR LONG-TERM CONTRACT, AND NOT TO HAVE UTILITY GROUP PARTY TO SUPPLY AGREEMENT, THEN RECOMMEND DELETION OF ANY REFERENCE TO SUBSTANTIVE TERMS OF LONG-TERM CONTRACT IN SUPPLY AGREEMENT, E.G., ART.I.2., SECOND SENTENCE; ART.II.1.; ART. III.1.A; ART. III.1.B., FIRST SENTENCE; ARTIII.1; AND ART. VI.Q.

3. WE BELIEVE THAT, ON BALANCE, WOULD BE SIMPLER AND MORE EXPEDITIOUS TO FOLLOW MEXICAN PATTERN IF POSSIBLE. SECOND REOUTE MORE COMPLEX, IN VIEW NEED TO ASSURE NO CONFLICT BETWEEN US OBLIGATIONS TO IAEA AND YUGOSLAVIA ON ONE HAND, AND TO UTILITY GROUP, ON OTHER. THIS PROBLEM PARTICULARLY ACUTE CONCERNING PROCEDURE FOR RESOLVING MEASUREMENT DIFFERENCES, AND ARBITRATION PROCEDURES, IN VIEW NEED TO ASSURE THAT SUCH DISPUTES NOT SUBJECT TO MORE THAN ONE ARBITRAL PROCEDURE, WITH POSSIBLITY INCONSISTENT RESULTS.

4. ADVISE. KISSINGER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** NUCLEAR AGREEMENTS, SUPPLIES, NUCLEAR POWER PLANTS, PROGRAMS (PROJECTS), NUCLEAR FUELS, NEGOTIATIONS  
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